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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

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JUL 26 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Treatment of Operator Services)
Under Price Cap Regulation)

CC Docket No. 93-124

COMMENTS OF GTE

GTE Service Corporation and its affiliated domestic telephone companies ("GTE") offer their comments in response to the Commission's proposal to establish a separate rate element for operator services under price cap regulation as set forth in the above-captioned Notice of Proposed Rulemaking ("NPRM" or "Notice"), FCC 93-203, released May 26, 1993.

The Commission proposed that a new category be established in the traffic sensitive basket to include rates for operator services, consisting of operator transfer service and line status service. The aggregate operator service rates would be subject to the same banding requirements that currently exist for other baskets and bands. Specifically, these rates could move up or down 5 percent per year adjusted for changes in the Price Cap Index ("PCI"). Without much elaboration, the Notice tentatively concludes that the operator service rates warrant a separate category. (Notice at ¶4). For the reasons stated below, GTE opposes adding another service category for operator services in the traffic sensitive basket. Instead, GTE recommends that operator services should be placed in the existing information services basket.

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DISCUSSION

An expansion of the traffic sensitive basket for operator services is not justified.

GTE opposes the Commission's proposal to add another service category to the traffic sensitive basket for operator services. Adding yet another service category would undermine the original objective of the Price Cap rulemaking of simplifying regulation and would further decrease the limited pricing flexibility granted to the Local Exchange Carriers ("LECs") under price caps. In creating service categories, the Commission originally attempted to strike a balance protecting the ratepayer and affording the carriers limited pricing flexibility. No such balance is presented in the NPRM.

The Notice simply concludes that creating a new category within the traffic sensitive basket for operator services is "necessary to ensure that price cap companies do not have unlimited ability to change prices for these services in relation to other traffic sensitive or interexchange rates." Notice at ¶4. GTE believes that the proposal overemphasizes the concern that the LECs will subject ratepayers to "precipitous changes". GTE's rates have not changed since the operator service rates were initially filed. Adding a separate category, while limiting increases will also serve to discourage future downward adjustments that may benefit the operator service customers.

While expressing concern for ratepayer protection, the NPRM ignores the issue of carrier flexibility. In an environment of increasing local exchange competition, such LEC pricing flexibility is essential. As recognized by the Commission in its Memorandum Opinion and Order, DA 90-783, Transmittal No. 1874, May 31, 1990, granting Southwestern Bell a Part 69 waiver to offer 0-

Transfer Service, there are competitive alternatives for this service. Specifically, the Commission found that "0- transfer services are merely providing an alternate way for the end user to reach the [Interexchange Carrier] of his choice - a choice the end user should already have by using an access code or dialing an 800 or 950 number." If operator service customers have alternatives, less protection is needed and LEC pricing flexibility is essential to permit the LECs an opportunity to participate in the market.

The Commission suggests that the proposed service category is appropriate because the Part 69 rate elements were used to establish the price cap service categories initially. While the Part 69 rate elements may have been useful in establishing categories for the first time, such a analysis is not necessarily reasonable for each new service. Furthermore, the NPRM notes that and the LECs have been filing waivers of Part 69 to establish a new operator service rate elements. Although the LECs are required to file the Part 69 waivers prior to offering a new service, this does not justify creating a new service category for a new rate element. If the Commission's general rule is followed prospectively then every new service will produce a new service category. Creating numerous new categories would severely uncut the intent of the price cap rules and would undermine the incentive created by the price cap rules.

CPE recommended that operator service be placed in the 0-10-11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035-1036-1037-1038-1039-1040-1041-1042-1043-1044-1045-1046-1047-1048-1049-1050-1051-1052-1053-1054-1055-1056-1057-1058-1059-1060-1061-1062-1063-1064-1065-1066-1067-1068-1069-1070-1071-1072-1073-1074-1075-1076-1077-1078-1079-1080-1081-1082-1083-1084-1085-1086-1087-1088-1089-1090-1091-1092-1093-1094-1095-1096-1097-1098-1099-1100-1101-1102-1103-1104-1105-1106-1107-1108-1109-1110-1111-1112-1113-1114-1115-1116-1117-1118-1119-1120-1121-1122-1123-1124-1125-1126-1127-1128-1129-1130-1131-1132-1133-1134-1135-1136-1137-1138-1139-1140-1141-1142-1143-1144-1145-1146-1147-1148-1149-1150-1151-1152-1153-1154-1155-1156-1157-1158-1159-1160-1161-1162-1163-1164-1165-1166-1167-1168-1169-1170-1171-1172-1173-1174-1175-1176-1177-1178-1179-1180-1181-1182-1183-1184-1185-1186-1187-1188-1189-1190-1191-1192-1193-1194-1195-1196-1197-1198-1199-1200-1201-1202-1203-1204-1205-1206-1207-1208-1209-1210-1211-1212-1213-1214-1215-1216-1217-1218-1219-1220-1221-1222-1223-1224-122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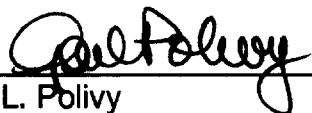
services of a similar nature. The common traits of these services promote the grouping into one service category. GTE and United already have placed the rates in this service category in their 1993 interstate access tariffs.

CONCLUSION

GTE opposes the establishment of a separate service category for operator services as it would further reduce the LECs' already limited pricing flexibility. Instead, GTE proposes that operator services be incorporated with Directory Assistance in the Information element to permit additional pricing flexibility.

Respectfully submitted,

GTE Service Corporation and its
affiliated GTE domestic telephone
operating companies

By  _____

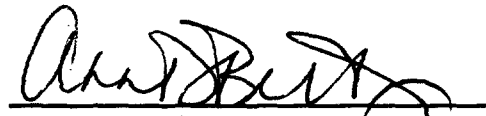
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July 6, 1993

THEIR ATTORNEY

Certificate of Service

I, Ann D. Berkowitz, hereby certify that copies of the foregoing "Comments of GTE" have been mailed by first class United States mail, postage prepaid, on this 6th day of July, 1993 to all parties of record.


Ann D. Berkowitz